

March 31, 2014

10 CFR 50.75(f)(1)
10 CFR 50.82(a)(8)(v)-(vii)

ATTN: Document Control Desk
U. S. Nuclear Regulatory Commission
Washington, D. C. 20555-0001

Subject: **Docket No. 50-206**
10 CFR 50.75(f)(1) and 10 CFR 50.82(a)(8)(v-vii)
Decommissioning Funding Status Report
San Onofre Nuclear Generating Station Unit 1

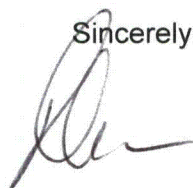
Dear Sir or Madam:

As required by 10 CFR 50.75(f)(1) and 10 CFR 50.82(a)(8)(v-vii), this letter provides the status of the decommissioning expenditures and funding for San Onofre Nuclear Generating Station (SONGS) Unit 1 as of December 31, 2013. The required information is provided in the enclosure for Southern California Edison and San Diego Gas & Electric. This information is reported on an annual basis for SONGS Unit 1 because the plant was permanently shut down before the end of its licensed life and is currently being decommissioned.

There are no commitments contained in this letter or its enclosure.

If you have any questions regarding this matter, please contact Mr. Mark E. Morgan, Licensing Lead, at 949-368-6745.

Sincerely,



Enclosure: San Onofre Nuclear Generating Station Unit 1 Decommissioning
Funding Status Report 2013

cc: M. Dapas, Regional Administrator, NRC Region IV
J. E. Whitten, NRC Region IV, San Onofre Unit 1
J. C. Shepherd, NRC Project Manager, San Onofre Unit 1
G. G. Warnick, NRC Senior Resident Inspector, San Onofre Units 2 & 3

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Enclosure

**San Onofre Nuclear Generating Station Unit 1
Decommissioning Funding Status Report
2013**

**San Onofre Nuclear Generating Station Unit 1
Decommissioning Funding Status Report
2013**

San Onofre Unit 1 was a pressurized water reactor (PWR) rated at 1347 MWt. Provided below is the information required by 10 CFR 50.75(f)(1) and 10 CFR 50.82(a)(8)(v-vii) for San Onofre Unit 1. This information is reported every year for San Onofre Unit 1 because it closed before the end of its licensed life and is currently being decommissioned.

The San Onofre Unit 1 owners are reported as follows:

Southern California Edison (SCE)	80 %
San Diego Gas & Electric (SDG&E)	<u>20 %</u>
	100 %

All dollar amounts are reported in 100% share, 2013 dollars.

1) The decommissioning fund estimated to be required pursuant to 10 CFR 50.75(b) and (c) is the following:

- a) The minimum amount calculated by the method prescribed by 10 CFR 50.75(c) ⁽¹⁾ is \$433.7 million.
- b) The San Onofre Unit 1 site-specific estimate for decommissioning includes the following radiological decommissioning costs associated with terminating the site license, non-radiological site restoration costs, and spent fuel storage costs:⁽²⁾

	<u>SONGS Unit 1</u>
Estimate of Radiological Costs	\$ 713.0 million
Less: Actual Radiological Costs through 12/31/2013	<u>\$ 521.4 million</u>
"To Go" Radiological Costs	\$ 191.6 million
 Estimate of Site Restoration Costs	 \$ 174.8 million
Less: Actual Site Restoration Costs through 12/31/2013	<u>\$ 164.0 million</u>
"To Go" Site Restoration Costs	\$ 10.8 million
 Estimate of Spent Fuel Storage Costs	 \$ 95.4 million
Less: Actual Fuel Storage Costs through 12/31/2013	<u>\$ 83.6 million</u>
"To Go" Spent Fuel Storage Costs	\$ 11.8 million
 Total "To Go" Costs as of 1/1/2014	 \$ 214.2 million

2) The Decommissioning Trust Fund amount remaining at the end of calendar year 2011 (net of estimated capital gains taxes) is:

<u>Owner</u>	<u>SONGS UNIT 1</u>
SCE	\$ 218.2 million
<u>SDG&E</u> ⁽³⁾	<u>\$ 108.0 million</u>
TOTAL	\$ 326.2 million

- 3) The decommissioning fund for San Onofre Unit 1 is sufficient to provide for the estimated decommissioning costs, and as of June 1999, decommissioning funds are no longer collected.
- 4) The composite escalation rate for San Onofre Unit 1 Decommissioning is 4.45%.
- 5) The after-tax investment rates of return for the Decommissioning Trust Funds forecast by each Owner are the following:

Owner	Qualified	Non-Qualified
SCE	4.15%	3.22%
SDG&E ⁽³⁾	4.12%	3.68%

- 6) The after-tax composite investment rate of return for the San Onofre Unit 1 Decommissioning is 4.14%. The composite investment rate of return (4.14%) minus the composite escalation rate (4.45%) yields a composite real earnings rate less than the 2.0% real rate of return allowed under 10 CFR 50.75(e)(1)(ii).
- 7) None of the owners of San Onofre Unit 1 are relying on any contracts for the purposes of providing decommissioning funding pursuant to 10 CFR 50.75(e)(1)(v). There have been no modifications to the method of providing financial assurance and no material changes to the trust agreements since the March 27, 2013 Decommissioning Funding Report for San Onofre Unit 1.
- 8) The estimated (budgeted) and actual (recorded) costs for San Onofre Unit 1 decommissioning work performed during 2013 are summarized below:⁽⁴⁾

	Budget	Recorded	Variance
Unit 1 Decommissioning Costs	\$ 11.206 million	\$ 0.764 million	\$ 10.442 million

- 9) The amount of decommissioning funds available as of December 31, 2013 for the costs to manage SONGS 1 irradiated fuel, is shown in the table below:

San Onofre Unit 1	Estimated "To Go" Decommissioning Cost	Cost Ratios in Cost Estimate	12/31/2013 Trust Balance
License Termination Costs	\$ 191.6 million	89.4%	\$ 291.8 million
Site Restoration Costs	\$ 10.8 million	5.0%	\$ 16.4 million
Spent Fuel Storage Costs	\$ 11.8 million	5.6%	\$ 18.0 million
TOTAL	\$ 214.2 million	100.0%	\$ 326.2 million

Notes: (1) The NRC formulas in 10 CFR 50.75(c) include only those decommissioning costs incurred by licensees to remove a facility or site safely from service and reduce residual radioactivity to levels that permit: (1) release of the property for unrestricted use and termination of the license; or (2) release of the property under restricted conditions and termination of the license. The costs for dismantling or

demolishing non-radiological systems and structures, and the costs of managing and storing used fuel onsite until it is transferred to the Department of Energy are not included in the NRC decommissioning cost formulas.

- (2) The site-specific decommissioning cost estimate for San Onofre Unit 1 that was provided to the California Public Utilities Commission (CPUC) on April 3, 2009, includes the remaining radiological costs associated with terminating the site license; non-radiological costs which include the costs to excavate and dispose of all remaining structures, appurtenances, and foundations from the onshore site, and to perform site restoration, as required under the current site lease contract(s) with the U.S. Department of the Navy, and to disposition the Unit 1 offshore circulating water conduits as required under the current amendment to the easement-lease granted by the California State Lands Commission, and spent fuel storage costs. The CPUC approved the Unit 1 decommissioning cost estimate on July 29, 2010.
- (3) SCE is submitting information with respect to its co-owner, SDG&E. SDG&E is responsible for the completeness and accuracy of their information.
- (4) SCE included the cost to decommission the San Onofre Unit 1 offshore circulating water system conduits in the 2013 decommissioning budget, but subsequently deferred that work until 2014.